

CHAMPVA FACT SHEET 01-22

Supplemental Insurance

What is CHAMPVA?

CHAMPVA (the Civilian Health and Medical Program of the Department of Veterans Affairs) is a federal health benefits program administered by the Department of Veterans Affairs. CHAMPVA is a Fee for Service (indemnity plan) program. CHAMPVA provides reimbursement for most medical expenses – inpatient, outpatient, mental health, prescription medication, skilled nursing care, and durable medical equipment (DME). There is a very limited adjunct dental benefit that requires pre-authorization.

What is a Supplemental Insurance Policy?

Unlike CHAMPVA, where you pay your cost share and deductible only if you use it, supplemental policies are insurance policies; and you have to pay for them monthly, quarterly or on some other schedule -- whether you use them or not. So, a supplemental insurance policy will definitely cost you something. What do you get for your money, depends on the policy. The more it covers, the more it will cost. Some policies will pay for your deductible (\$50 a year) and your cost share (normally 25%). Some don't pay the deductible; they just pay the cost share. Sometimes, when you go to the doctor, they charge you more than CHAMPVA allows, and you have to pay the difference. Some supplemental insurance policies pay the amount over the CHAMPVA allowed amount; some don't and some may pay somewhere in between (a percentage). Some policies pay your inpatient co-pay, some only pay your outpatient co-pay, and some both.

Do I have to join a veteran's organization to purchase a supplemental policy?

Some policies are available to you only if you join a particular organization. For example, most of the Veteran Service Organizations have health plans that they offer their members; but to buy the plan, you have to join the organization. This is true for many of CHAMPVA supplemental insurance policies.

Can I purchase a supplemental policy if I have an existing medical condition?

Yes, but almost every policy has a "preexisting conditions" clause. Typically this clause says, that for some period of time (can be a few months to several years depending on the policy), the policy does not cover any condition you currently have. This means the policy will not reimburse you (or pay for) any expenses associated with that specific condition until the time frame in the policy has gone by.

What things are not covered by the supplemental policy?

Each policy is different and you need to read them very carefully. Most policies only cover things that are part of the CHAMPVA program. That means that things not covered under CHAMPVA won't be covered by the supplement policy either. Be sure you read the list of "exclusions" very, very carefully.

What impact does MEDICARE have on these kinds of policies?

Some of these policies can become MEDICARE supplements (called MEDIGAP) automatically when you become eligible for MEDICARE (normally at age 65). When a CHAMPVA supplement "converts" to a MEDICARE supplement, some policies require you to have a medical exam and some don't, be sure you know what your supplemental policy requires.

The Federal Government has standardized MEDIGAP policies into 10 different options -- each given a letter to designate them A-J. Plan A is the most basic, plan J the most extensive (and most expensive). You should become familiar with these options long before you become eligible for MEDICARE. Check with your local Social Security Administration office for details on MEDIGAP policies or log in to the MEDICARE web site at "www.medicare.gov/comparison."

How do I know if I need a supplemental insurance policy?

We can't cover every family circumstance, and each family's need is unique. But here is a list of circumstances when you should seriously think about purchasing a supplemental CHAMPVA policy (the more of these that apply to you, the more you likely need a supplemental policy):

- CHAMPVA is your only health coverage
- You have a chronic health condition
- You take prescription medication on a regular basis
- You expect to be admitted to a hospital overnight in the next year or two
- You have limited financial resources
- You anticipate your medical expenses will increase in the next year or two

What should I consider if I decide to purchase a supplemental insurance policy?

If you decide you need a supplemental policy, consider these things as you begin to narrow down your choices:

- The policy you select should automatically convert to a MEDICARE supplement when you become MEDICARE eligible without a medical examination.
- Look for a policy that has the shortest waiting time for pre-existing conditions
- If the policy is sponsored by a veteran-related organization (such as the American Legion), be sure you are eligible to join the organization.
- If the policy is sponsored by a veteran-related organization (such as The Retired Officer's Association), be sure you add in the cost of membership when you calculate the total cost of the supplemental insurance policy.
- Look for a policy that costs you less in premiums (and organizational membership fees) than you would have spent in the next year on your health care if you did not have a supplemental policy.
- And of course, you want to compare costs and coverages.

Where can I get more information on supplemental insurance policies?

There are two excellent sites on the World Wide Web that have already done this comparison. While the Department of Veterans Affairs does not endorse either site, or any of the products being sold on the sites, you should take a look at them if you have access to the Internet.

The first site is the home of the "Times" newspapers – the Army Times, the Air Force Times, etc. Their web site can be accessed by typing "www.XXXtimes.com". Replace the XXX with your favorite military service (Army, Air Force – has to be airforce for this purpose, Navy, or Marine). When you get to the site, go to the TRICARE guide and you'll find information on supplemental policies. You will need to have Adobe Acrobat to read the comparison files; they are in the PDF format.

The second site is owned by Federal Publishing; and the only thing they do is compare supplemental insurance policies. Their internet address is "www.champva.com". And while they have CHAMPVA in their internet address, they are not affiliated with the VA, the HAC or any other government agency.

How do I get more information?

- Check our web site at www.va.gov/hac, select CHAMPVA
- Write us at PO Box 65023 Denver, CO 80206-9023
- Email us at hac.inq@med.va.gov
- Call 1-800-733-8387, Monday-Friday from 9:00 AM - 1:30 PM and 2:30- 5:00 PM Eastern Time.